BEST AVAILABLE COPY SECURITIE OMB Number: Expires: October 31, 2004 Estimated average burden ANNUAL/AUDÍTÉD/REPURT hours per response..... 12.00 SEC FILE NUMBER **FACING PAGE** ation Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder FEB 2 4 2004 REPORT FOR THE PERIOD BEGINNING 01-01-03 AND ENDING MM/DD/YY A. REGISTRANT IDENTIFICATION NAME OF BROKER-DEALER: OFFICIAL USE CNLY SECURITIES SERVICE NETWORK, INC. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) FIRM I.D. NO. 10207 TECHNOLOGY DRIVE, SUITE 1 (No. and Street) 37932 TN (State) NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(865) 777-4677 CARL D. HOLLINGSWORTH, PRESIDENT (Area Code - Telephone Number) B. ACCOUNTANT IDENTIFICATION INDEPENDENT PUBLIC ACCOUNTAINT whose opinion is contained in this Report\* CHERRY, BEKAERT & HOLLAND, L.L.P. (Name - if individual, state last, first, middle name) 37901 TN KNOXVILLE, (Address) (City) (State) (Zip Code) CHECK! NE: PROCESSED - . . . 🔯 Ceriñe l Public Accountant MAY 03 2004 ☐ Public ±.ccountant NOSMICHI D Account ant not resident in United States or any of its possessions. FUR OFFICIAL USE ONLY ms for everything from the right ement that the annual report he approved by injury or in a few inc. be my writed by the ment of rots and circumstances relied on a chile to Hall persons who me to a none to the enrettion or included in this form of a to

## OATH OR AFFIRMATION

| I,CARL D. HOLLINGSWORT   | , swear (or affirm) that, to the best of  |
|--|---|
| my knowledge and belief the accompan<br>SECURITIES SERVICE N   | ing financial statement and supporting schedules pertaining to the firm of                            |
| of DECEMBER 31   | , as 20 03 , are true and correct. I further swear (or affirm) that                                   |
|  | are the and confect. I million swear (of antiffin) that   |
| classified soletion that Samuel, p   | oprietor, principal officer or director has any proprietary interest in any account                   |
| classified solely as that of a customer, e   | cept as follows:  |
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| en e   | (au ) Phologoword   |
|  | Signature   |
| n ng (5) jawa (50%) ku   | TINTICINDAGE  |
|  | PRESIDENT   |
| 16 10  | Title   |
| Tusa 1 To  | Ze M  |
| Notary Public  |   |
| MY COMMI   | SION EXPIRES: 8-1-2004  |
| This report contains (check all applic   | ble boxes):   |
| (a) Facing Page.  (b) Statement of Financial Condition   |   |
| (c) Statement of Income (Loss).  |   |
| (d) Statement of Changes in Finance  | AND WARMAN CACH PLOTE   |
|  | lders' Equity or Partners' or Sole Propräetors' Capital.  |
| (I) Statement of Changes in Liabili  | es Subordinated to Claims of Creditors. SEE NOTE 6 ON PAGE 8  |
| 31 (g) Computation of Net Capital.   |   |
| (h) Computation for Determination  | f Reserve Requirements Pursuant to Rulle 15c3-3.  |
| (1) Information Relating to the Posi   | ession or Control Requirements Under Rule 15c3-3.   |
| - O) 11 resourcementation, including app   | opriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the                       |
| Computation for Determination  (k) A Reconciliation between the su   | f the Reserve Requirements Under Exhabit A of Rule 15c3-3.  |
| consolidation.   | dited and unaudited Statements of Financial Condition with respect to methods of                      |
| (I) An Oath or Affirmation.  |   |
| (m) A copy of the SIPC Supplement  | Report  |
| (n) A report describing any material   | r Report.<br>nadequacies found to exist or found to have existed since the date of the previous audit |
| Control of the Contro |   |
| *For conditions of confidential treatme  | t of certain portions of this filing, see section 240.17a-5(e)(3).                                    |

## SECURITIES SERVICE NETWORK, INC. AND SUBSIDIARIES

## Consolidated Statements of Financial Condition December 31, 2003 and 2002

## Assets

| Cash         \$ 638,702         \$ 915,974           Investments in money markets         6,489,467         4,891,028           Cash deposited with clearing agent         100,000         100,000           Cash and cash equivalents         7,228,169         5,907,002           Accounts receivable, net of allowance for doubtful accounts of \$70,000 in 2003 and \$60,000 in 2002         1,184,914         1,083,628           Advances to related parties         330         39,991           Investments in marketable securities         63,543         61,023           Prepaid expenses         79,859         122,966           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Liabilities         \$ 8,750,415         \$ 7,409,310           Current liabilities         Accounts payable - related parties         \$ 342,839         186,039           Accounts payable - related parties         3 42,839         186,039           Accounts payable - related parties         3 42,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438  | Current assets                              |     | 2003      |           | 2002      |  |
|--|---|-----|-----------|-----------|-----------|--|
| Investments in money markets   |   | ø   | C20 702   | e         | 015 024   |  |
| Cash deposited with clearing agent         100,000         100,000           Cash and cash equivalents         7,228,169         5,907,002           Accounts receivable, net of allowance for doubtful accounts of \$70,000 in 2003 and \$60,000 in 2002         1,184,914         1,083,628           Advances to related parties         330         39,991           Investments in marketable securities         63,543         61,023           Prepaid expenses         79,859         122,966           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Expenses         \$ 8,750,415         \$ 7,409,310           Current liabilities         \$ 8,750,415         \$ 7,409,310           Current spayable         \$ 538,756         \$ 408,004           Accounts payable - related parties         \$ 342,839         186,039           Accounts payable - related parties         \$ 342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         \$ 2,066,531         1,951,438           Accrued expenses         68,923         65,580           Deferred income <td< td=""><td></td><td>Ф</td><td></td><td>Þ</td><td>•</td></td<>  |   | Ф   |           | Þ         | •         |  |
| Cash and cash equivalents         7,228,169         5,907,002           Accounts receivable, net of allowance for doubtful accounts of \$70,000 in 2003 and \$60,000 in 2002         1,184,914         1,083,628           Advances to related parties         330         39,991           Investments in marketable securities         63,543         61,023           Prepaid expenses         79,859         122,966           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Expenses         \$ 8,750,415         \$ 7,409,310           Current liabilities         \$ 538,756,415         \$ 7,409,310           Accounts payable         \$ 538,756,415         \$ 7,409,310           Accounts payable - related parties         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - related parties         342,839         186,039           Accounts payable - related parties         30,66,531         1,951,438           Accounts payable - related parties         368,923         65,580           Deferred income         207,586         117,299           Clearing   | Cash deposited with clearing agent          |     |           |           |           |  |
| Accounts receivable, net of allowance for doubtful accounts of \$70,000 in 2003 and \$60,000 in 2002 1,184,914 1,083,628 Advances to related parties 330 39,991 Investments in marketable securities 63,543 61,023 Prepaid expenses 79,859 122,966 Total current assets 8,556,815 7,214,610 Deferred income tax benefit 74,000 71,800 Long-term investments 119,600 122,900  |   | ~   |           |           |           |  |
| of \$70,000 in 2003 and \$60,000 in 2002         1,184,914         1,083,628           Advances to related parties         330         39,991           Investments in marketable securities         63,543         61,023           Prepaid expenses         79,859         122,966           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Expectation investments         \$ 408,004         408,004           Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         \$ 342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Acc  | •   |     | 7,220,107 |           | 3,707,002 |  |
| Advances to related parties Investments in marketable securities Prepaid expenses         330         39,991           Investments in marketable securities Prepaid expenses         63,543         61,023           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Example Investments         119,600         122,900           Current liabilities         4,000         1,000           Accounts payable         \$ 338,750,415         \$ 7,409,310           Accounts payable - clearing firms         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         6,000         6,000<  |   |     |           |           |           |  |
| Investments in marketable securities   Frepaid expenses   79,859   122,966   79,859   122,966   79,859   122,966   79,859   122,966   79,859   72,14,610   71,800     | of \$70,000 in 2003 and \$60,000 in 2002    |     | • .       |           |           |  |
| Prepaid expenses         79,859         122,966           Total current assets         8,556,815         7,214,610           Deferred income tax benefit         74,000         71,800           Long-term investments         119,600         122,900           Liabilities and Stockholder's Equity           Current liabilities           Accounts payable         \$538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued income taxes         68,923         65,580           Deferred income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         6,000         6,000           Charries; issued and outstanding 1,000 shares         6,000         6,000           Accumulated other comprehensive loss         3,762,235         3,853,529           Accumulated other comprehensive loss         3,766,255         3,208,496 </td <td>Advances to related parties</td> <td></td> <td></td> <td></td> <td>•</td>   | Advances to related parties                 |     |           |           | •         |  |
| Total current assets   8,556,815   7,214,610     Deferred income tax benefit   74,000   71,800     Long-term investments   119,600   122,900     S 8,750,415   \$ 7,409,310     Liabilities and Stockholder's Equity     Current liabilities     Accounts payable   \$ 538,756   \$ 408,004     Accounts payable - related parties   342,839   186,039     Accounts payable - clearing firms   100,246   98,612     Commissions payable   2,066,531   1,951,438     Accrued expenses   1,638,848   1,353,231     Accrued income taxes   68,923   65,580     Deferred income (207,586   117,299     Clearing deposits   20,431   20,611     Total current liabilities   4,984,160   4,200,814     Stockholder's equity     Common stock (no par value)   Authorized 2,000     That's issued and outstanding 1,000 shares   6,000   6,000     Retained earnings   3,762,235   3,853,529     Accumulated other comprehensive loss   1,980   651,033     Total stockholder's equity   3,766,255   3,208,496  |   |     | •         |           | =         |  |
| Page      | rrepaid expenses                            |     | 79,859    |           | 122,966   |  |
| Long-term investments         119,600         122,900           Liabilities and Stockholder's Equity           Current liabilities           Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Steekholder's equity           Common stock (no par value). Authorized 2,000         6,000         6,000           hares; issued and outstanding 1,000 shares         6,000         6,000           Rationed earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         1,980         651,033           Total stockholder's equity         3,766,255         3,208,496  | Total current assets                        |     | 8,556,815 |           | 7,214,610 |  |
| Liabilities and Stockholder's Equity           Current liabilities           Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         6,000         6,000           Retained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stockholder's equity         3,766,255         3,208,496   | Deferred income tax benefit                 |     | 74,000    |           | 71,800    |  |
| Liabilities and Stockholder's Equity           Current liabilities           Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         6,000         6,000           common stock (no par value). Authorized 2,000         6,000         6,000           charing earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stockholder's equity         3,766,255         3,208,496  | Long-term investments                       |     | 119,600   |           | 122,900   |  |
| Current liabilities         Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Steckholder's equity         6,000         6,000           Common stock (no par value): Authorized 2,000         6,000         6,000           **harse; issued and outstanding 1,000 shares         6,000         6,000           **Ratained earnings         3,762,235         3,853,529           **Accumulated other comprehensive loss         (1,980)         651,033           **Total stoc: holder's equity         3,766,255         3,208,496  |   | \$  | 8,750,415 | \$        | 7,409,310 |  |
| Accounts payable         \$ 538,756         \$ 408,004           Accounts payable - related parties         342,839         186,039           Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Steachholder's equity         6,000         6,000           Common stock (no par value). Authorized 2,000         6,000         6,000           Patained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stockholder's equity         3,766,255         3,208,496   | Liabilities and Stockholder's Equi          | ity |           |           |           |  |
| Accounts payable - related parties       342,839       186,039         Accounts payable - clearing firms       100,246       98,612         Commissions payable       2,066,531       1,951,438         Accrued expenses       1,638,848       1,353,231         Accrued income taxes       68,923       65,580         Deferred income       207,586       117,299         Clearing deposits       20,431       20,611         Total current liabilities       4,984,160       4,200,814         Steckholder's equity       Common stock (no par value). Authorized 2,000       6,000       6,000         chares; issued and outstanding 1,000 shares       6,000       6,000         Retained earnings       3,762,235       3,853,529         Accumulated other comprehensive loss       (1,980)       651,033         Total stockholder's equity       3,766,255       3,208,496   | Current liabilities                         |     |           |           | ,         |  |
| Accounts payable - related parties       342,839       186,039         Accounts payable - clearing firms       100,246       98,612         Commissions payable       2,066,531       1,951,438         Accrued expenses       1,638,848       1,353,231         Accrued income taxes       68,923       65,580         Deferred income       207,586       117,299         Clearing deposits       20,431       20,611         Total current liabilities       4,984,160       4,200,814         Stackholder's equity       Common stock (no par value). Authorized 2,000       6,000       6,000         chares; issued and outstanding 1,000 shares       6,000       6,000         Retained earnings       3,762,235       3,853,529         Accumulated other comprehensive loss       (1,980)       (651,033)         Total stockholder's equity       3,766,255       3,208,496   | Accounts payable                            | \$  | 538.756   | \$        | 408,004   |  |
| Accounts payable - clearing firms         100,246         98,612           Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Steekholder's equity           Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         6,000         6,000           Retained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stockholder's equity         3,766,255         3,208,496  | Accounts payable - related parties          | ·   | •         |           |           |  |
| Commissions payable         2,066,531         1,951,438           Accrued expenses         1,638,848         1,353,231           Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         6,000         6,000         6,000           Retained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         (651,033)           Total stockholder's equity         3,766,255         3,208,496   | Accounts payable - clearing firms           |     | •         |           | •         |  |
| Accrued expenses       1,638,848       1,353,231         Accrued income taxes       68,923       65,580         Deferred income       207,586       117,299         Clearing deposits       20,431       20,611         Total current liabilities         Stockholder's equity         Common stock (no par value): Authorized 2,000         chares; issued and outstanding 1,000 shares       6,000       6,000         Retained earnings       3,762,235       3,853,529         Accumulated other comprehensive loss       (1,980)       (651,033)         Total stockholder's equity       3,766,255       3,208,496   | Commissions payable                         |     | 2,066,531 |           | 1,951,438 |  |
| Accrued income taxes         68,923         65,580           Deferred income         207,586         117,299           Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         6,000         6,000           Retained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         653,033           Total stockholder's equity         3,766,255         3,208,496  | Accrued expenses                            |     |           |           | 1,353,231 |  |
| Clearing deposits         20,431         20,611           Total current liabilities         4,984,160         4,200,814           Stockholder's equity         5           Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         6,000         6,000           Retained earnings         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stockholder's equity         3,766,255         3,208,496   |   |     | 68,923    |           |           |  |
| Total current liabilities         4,984,160         4,200,814           Stockholder's equity         Common stock (no par value). Authorized 2,000   |   | •   | 207,586   |           | 117,299   |  |
| Stockholder's equity  Common stock (no par value). Authorized 2,000  chares; issued and outstanding 1,000 shares  Retained earnings  Accumulated other comprehensive loss  Total'stockholder's equity  3,766,255  3,208,496  | Clearing deposits                           |     | 20,431    |           | 20,611    |  |
| Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stock holder's equity         3,766,255         3,208,496   | Total current liabilities                   |     | 4,984,160 |           | 4,200,814 |  |
| Common stock (no par value). Authorized 2,000         6,000         6,000           chares; issued and outstanding 1,000 shares         3,762,235         3,853,529           Accumulated other comprehensive loss         (1,980)         651,033           Total stock holder's equity         3,766,255         3,208,496   | Stockholder's equity                        |     |           |           |           |  |
| chares; issued and outstanding 1,000 shares       6,000       6,000         Retained earnings       3,762,235       3,853,529         Accumulated other comprehensive loss       (1,980)       (651,033)         Total stock holder's equity       3,766,255       3,208,496   |   |     |           |           | _         |  |
| Retained earnings       3,762,235       3,853,529         Accumulated other comprehensive loss       (1,980)       (651,033)         Total stockholder's equity       3,766,255       3,208,496  | chares; issued and outstanding 1,000 shares |     | 6,000     |           | 6,000     |  |
| Accumulated other comprehensive loss (1,980) (651,033)  **Total stock holder's equity 3,766,255 3,208,496  |   |     | 3,762,235 |           | 3,853,529 |  |
| Philippingua sharina s | Accumulated other comprehensive loss        |     | •         | (         |           |  |
| \$ 8.750,415 \$ 7,409,310  | Total stoc holder's equity                  |     | 3,766,255 | ********* | 3,208,496 |  |
|  |   | S   | 8.750,415 | 9         | 7,409,310 |  |